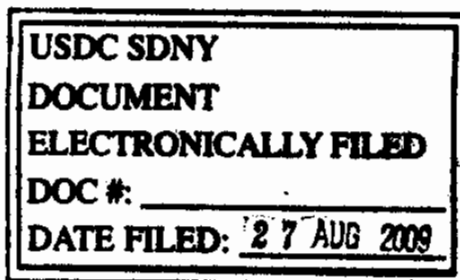


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August 26, 2009

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Via E-Mail

Honorable Paul A. Crotty
United States District Court Judge
United States District Court
Southern District of New York
500 Pearl Street, Courtroom 20-C
New York, New York 10007

The Court notes that counsel did not appear until August 25, which is not in compliance with the Court's order. Nevertheless, the Court will modify the August 6, 2009 Order as follows:

Paragraph (D), the date for new counsel's request to the FTC's demand letters will be changed for September 4 to September 11, 2009 and the date for the responses set for September 9, 2009 at 11:00 AM will be adjourned to September 16, 2009 at 4 PM in Courtroom 15A.

Re: FTC v. BlueHippo Funding, LLC and Blue Hippo Capital, LLC
Case No. 08 Civ. 1819 (PAC)

*As ordered
Paul Bluth 8/27/09
U.S.D.C.*

Dear Judge Crotty:

I am a partner with the law firm of K&L Gates LLP. Yesterday, August 25, 2009, we served and filed our notice of appearance as counsel for defendants BlueHippo Funding, LLC and BlueHippo Capital, LLC in the above matter, and sent a courtesy copy of our notice of appearance to the Court as required by Your Honor's individual rules and practices.

Having only filed our notice of appearance yesterday, we write to respectfully request an extension until September 16, 2009 for defendants to respond to plaintiff's demand letters dated January 9, March 9, and May 29, 2009. Currently, those responses are due September 4, 2009, pursuant to Your Honor's August 6, 2009 Order.

Until being retained yesterday afternoon, K&L Gates had not received or reviewed the demand letters or any other materials concerning this action (other than those on the Court's docket). As such, we believe that the requested extension to September 16 is necessary so that we may, among other things:

- Review the demand letters themselves, which we only received from plaintiff's counsel last night;
- Review the parties' correspondence concerning the demand letters;
- Address with plaintiff's counsel the two depositions that plaintiff has subpoenaed for September 2, 2009 in Washington, D.C.; and

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Honorable Paul A. Crotty
August 26, 2009
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- Perhaps most importantly, review the Court's prior Orders in this action, most notably the April 10, 2008 "Stipulation of Final Judgment and Order of Permanent Injunction," which appears to be the genesis of plaintiff's demand letters.

This is our first request for an extension of time with respect to the August 6 Order. Immediately after the filing of our notice of appearance yesterday, my partner, Eli R. Mattioli, contacted plaintiff's counsel, Laureen Kapin and Malini Mithal, and requested plaintiff's consent to such an extension. Mr. Mattioli and plaintiff's counsel further discussed our request for an extension today. Plaintiff's counsel have informed us that plaintiff will not grant any extension of the current response date and that we must apply to the Court for any extension.

Although plaintiff has refused its consent, we respectfully request that the Court grant defendants a 12-day extension of their time (until September 16) to respond to the demand letters so that we, as incoming counsel, can adequately represent defendants in this action and prepare suitable responses to those letters. We do not expect that that process will take more than the additional time requested. In light of this need for a short extension regarding the August 6 Order, we also respectfully request a similar 12-day adjournment of the hearing currently scheduled for September 9, 2009.

Respectfully submitted,


Douglas F. Broder

cc: Laureen Kapin, Esq. (*via e-mail only*)
Malini Mithal, Esq. (*via e-mail only*)
Eli R. Mattioli, Esq.